

Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development is to develop and implement strategies that will produce business and employment opportunities for residents of the County, expand the County's economic base, enhance the competitiveness of businesses located in the County, and promote the locational advantages of the County.

BUDGET OVERVIEW

The total recommended FY06 Operating Budget for the Department of Economic Development is \$10,451,500, an increase of \$1,370,470 or 15.1 percent from the FY05 Approved Budget of \$9,081,030. Personnel Costs comprise 36.1 percent of the budget for 42 full-time positions and three part-time positions for 39.3 workyears. Operating Expenses account for the remaining 63.9 percent of the FY06 budget.

Not included in the above recommendation is a total of \$305,660 and 3.1 workyears that are charged to: Capital Improvements Program - CIP (\$212,030, 2.1 WYs); and Economic Development Fund (\$93,630, 1.0 WY). The funding and workyears for these items are included in the receiving departments' budgets.

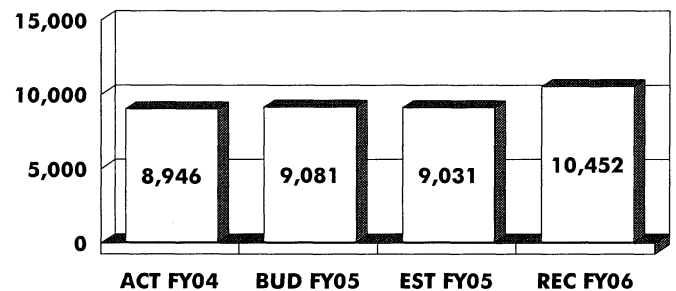
HIGHLIGHTS

- ❖ **Capitalize on the County's burgeoning biotechnology and pharmaceutical industries and related government agencies by launching a new nanotechnology marketing effort.**
- ❖ **Increase minority and small business opportunities by appointing a Minority Business Advisor and opening a new small business incubator.**
- ❖ **Expand Intellectual Property Legal Resource Center services, in partnership with the University of Maryland School of Law, to provide free or low cost legal services to 30-50 more local high tech start-up companies. An additional attorney will provide services at the Maryland Technology Development Center and the Silver Spring Innovation Center.**
- ❖ **Add a Retail and Service Learning center in Wheaton to train employees for the fast growing retail and service industry sector. Particular emphasis will be placed on recruiting at-risk youth, immigrants and seniors to the center.**
- ❖ **Improve summer employment opportunities for at-risk youth as part of the County's Gang Prevention Initiative.**
- ❖ **Improve public safety and protect agriculture through new, more aggressive deer management**

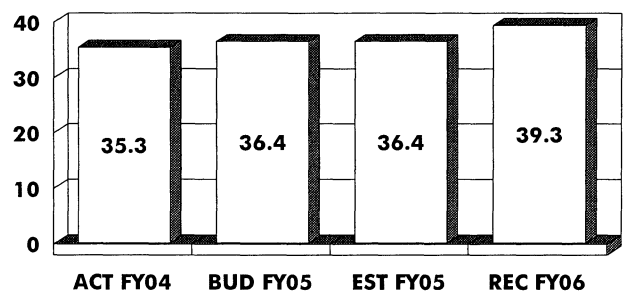
Program Summary

	Expenditures	WYs
Marketing and Business Development	2,016,130	13.0
Workforce Investment Services	4,803,950	4.0
Agricultural Services	970,080	7.2
Finance, Administration, and Special Projects	1,567,640	7.0
Office of the Director	1,093,700	8.1
Totals	10,451,500	39.3

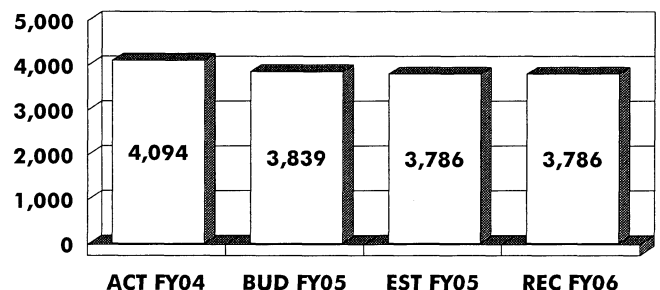
Trends



EXPENDITURES [\$000s]



WORKYEARS



RELATED REVENUES [\$000s]

activities.

- ❖ **Preserve agriculture as a County industry through a new Future of Agriculture study.**
- ❖ **Establish a Higher Education Liaison to nurture and foster the County's higher education assets through partnerships with government and the business community.**
- ❖ **Add costs and offsetting net revenues from Conference Center operations. This newly opened facility provides 21 meeting rooms, ballroom capacity for 2,535 guests, a 130-seat amphitheatre, and related dining facilities across from the White Flint Metro Station meeting the needs of local and out of town customers (see Conference Center NDA).**
- ❖ **Continue to provide information and referral staffing for the Conference Center as operations expand (see Conference and Visitor's Bureau NDA).**

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Mary Cichello Beck of the Office of Management and Budget at 240.777.2753 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Marketing and Business Development

This program promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses and provides services and activities that result in the attraction and retention of those businesses to the County. This includes small businesses as well as specialized industry sectors including telecommunications, biotechnology, information technology, advanced engineering and professional services. A major focus of the program is on leads generated by the Department's business development specialists.

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact. Business specialists meet with company representatives during business visits, conferences and other events to offer assistance. They also serve as liaisons to business organizations to help identify and assist new and expanding companies. Assistance includes needs assessment, financial and training assistance, site identification and expediting and coordinating development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance. Programs also include the development of high technology and professional services companies as well as the attraction and retention of national headquarters of nonprofit organizations and Federal agencies.

Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional and State partners, such

as the Maryland State Department of Business and Economic Development (DBED) and the Greater Washington Initiative (GWI).

FY06 Recommended Changes

- ❑ **Capitalize on the County's burgeoning biotechnology and pharmaceutical industries and related government agencies by launching a new nanotechnology marketing effort.**
- ❑ **Expand Intellectual Property Legal Resource Center services, in partnership with the University of Maryland School of Law, to provide free or low cost legal services to 30-50 more local high tech start-up companies. An additional attorney will provide services at the Maryland Technology Development Center and the Silver Spring Innovation Center.**

	Expenditures	WYs
FY05 Approved	1,680,010	11.7
FY06 CE Recommended	2,016,130	13.0

Workforce Investment Services

The mission of the Montgomery County Division of Workforce Investment Services (DWIS) is to ensure that Montgomery County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County workforce has the tools and resources to successfully compete in an evolving economy.

DWIS is advised by a 30-member Workforce Investment Board (WIB), composed of business representatives (51%), community leaders and public officials. The board is appointed by the County Executive in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The DWIS staff provide support to the Board by implementing directives and policy initiatives.

DWIS is funded by over \$4 million in Federal Government, State of Maryland and Montgomery County funds. The majority of funds are received under WIA to implement the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of vocational assessment, job readiness and job training and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers and youth. Four program staff provide overall administrative support of the WIA grants, and are responsible for fiscal monitoring and accounting, program monitoring and review, new program development and grants, legislative development, and contract management of several service providers for the WIA and County programs. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Gaithersburg, which are operated as a consortium with the Maryland Job Service and the Career Transition Center, Inc. (CTC), and numerous other non-profit and local agency partners. MontgomeryWorks served over 10,000 adult and youth residents in FY04 with core services, intensive counseling services and the purchase of

occupational skills training.

FY06 Recommended Changes

- ❑ *Add a Retail and Service Learning center in Wheaton to train employees for the fast growing retail and service industry sector. Particular emphasis will be placed on recruiting at-risk youth, immigrants and seniors to the center.*
- ❑ *Improve summer employment opportunities for at-risk youth as part of the County's Gang Prevention Initiative.*

	Expenditures	WYs
FY05 Approved	4,478,000	4.0
FY06 CE Recommended	4,803,950	4.0

Agricultural Services

This program encompasses the promotion of agriculture as a viable component of the County's business and economic sector, as well as the preservation of farmland as a resource for future agricultural production capabilities. The Department of Economic Development co-sponsors farmers' markets, an annual farm tour, and other activities which promote agricultural products. The goal of the Agricultural Preservation Program is to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve by the year 2010. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

The Montgomery Soil Conservation District's (MSCD) programs include the design of soil conservation practices and small pond review plans. In addition, the MSCD's programs provide public information and agricultural soil and water quality conservation planning to minimize non-point source pollution through the voluntary participation and implementation of these plans. The programs educate schools, youth-adult groups and organizations, and provide residential technical assistance to County residents on soil erosion and surface-subsurface drainage concerns. Also, program administration and training and development initiatives help to support the MSCD and the MSCD Board of Supervisors.

The Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland. This agency is funded cooperatively through local, State, and Federal governments. Farmers, families, and youth are the primary audiences of the Extension Office. Educational programs for farmers include raising crops and livestock, protecting the environment, farm and business management, marketing commodities, and pest management. Programs for families and youth include: home horticulture, family budgeting, consumer education with a focus on promoting positive parenting skills and healthful diets and lifestyles, leadership development, and traditional 4-H programs. The Extension Office's professional staff utilizes an extensive network of volunteers to assist them in program delivery. Extension Office personnel manage a diverse group of over 3,000 volunteers to respond to over 100,000 information requests a year. Outreach education programs are delivered informally through one-on-one contacts, telephone assistance, the internet, classes and workshops, field days, radio, TV, and print media.

FY06 Recommended Changes

- ❑ *Improve public safety and protect agriculture through new, more aggressive deer management activities.*
- ❑ *Preserve agriculture as a County industry through a new Future of Agriculture study.*

	Expenditures	WYs
FY05 Approved	815,070	7.2
FY06 CE Recommended	970,080	7.2

Finance, Administration, and Special Projects

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal and contract management, strategic planning, and special projects. This program administers three financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development to promote the development of high technology and professional services companies within Montgomery County. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for several new science and technology centers in Germantown at the Montgomery College campus and East County in the White Oak area. The program also oversees the management of the Maryland Technology Development Center (MTDC), the Silver Spring Innovation Center (SSIC), the Johns Hopkins Belward Research Campus, and planning and implementing various development projects with long-term positive impact to the County.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	1,334,140	8.0
FY06 CE Recommended	1,567,640	7.0

Office of the Director

The Department of Economic Development is organized to promote team-based approaches to implementing economic development initiatives. This program provides overall direction and supervision for all programs, policies and representation of the Department. The Office of the Director functions as a liaison to local, State, Federal, and international governments; the community; small and minority owned businesses; and private industry partners, and serves as the leader in developing and implementing economic development opportunities for Montgomery County.

The major focus of the program is to establish and maintain high-level relationships with local government and private industry organizations, State and Federal agencies, and national and international governments and organizations. These important contacts are sought through meetings, trade shows and conferences, national and international missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

FY06 Recommended Changes

- ❑ *Increase minority business opportunities by appointing a Minority Business Advisor and opening a new small business incubator.*
- ❑ *Establish a Higher Education Liaison to nurture and foster the County's higher education assets through partnerships with government and the business community.*

	Expenditures	WYs
FY05 Approved	773,810	5.5
FY06 CE Recommended	1,093,700	8.1

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,276,107	2,421,000	2,449,500	2,867,350	18.4%
Employee Benefits	644,724	748,470	768,330	907,350	21.2%
County General Fund Personnel Costs	2,920,831	3,169,470	3,217,830	3,774,700	19.1%
Operating Expenses	1,957,551	2,118,560	2,064,730	2,928,800	38.2%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	4,878,382	5,288,030	5,282,560	6,703,500	26.8%
PERSONNEL					
Full-Time	39	39	39	42	7.7%
Part-Time	2	2	2	3	50.0%
Workyears	35.3	36.4	36.4	39.3	8.0%
REVENUES					
State Salary Reimb: Soil Cons District Mgr	25,608	37,610	37,610	37,610	—
Silver Spring Innovation Center Proceeds	0	8,100	0	0	—
County General Fund Revenues	25,608	45,710	37,610	37,610	-17.7%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	0	0	0	0	—
Operating Expenses	4,068,117	3,793,000	3,748,000	3,748,000	-1.2%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	4,068,117	3,793,000	3,748,000	3,748,000	-1.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Naval Surface Warfare Center	46,000	48,000	48,000	48,000	—
Regional Response	30,942	45,000	0	0	—
Workforce Investment Act Grants	2,970,464	3,700,000	3,700,000	3,700,000	—
Disability Grant: Workforce Invest Serv	585,781	0	0	0	—
WIS - State Funds	230,000	0	0	0	—
Disability Program Navigator	50,039	0	0	0	—
MD Incumbent Worker	140,365	0	0	0	—
Trade Assistance Act	5,404	0	0	0	—
Wagner-Peyser Grant	9,122	0	0	0	—
Grant Fund MCG Revenues	4,068,117	3,793,000	3,748,000	3,748,000	-1.2%
DEPARTMENT TOTALS					
Total Expenditures	8,946,499	9,081,030	9,030,560	10,451,500	15.1%
Total Full-Time Positions	39	39	39	42	7.7%
Total Part-Time Positions	2	2	2	3	50.0%

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
Total Workyears	35.3	36.4	36.4	39.3	8.0%
Total Revenues	4,093,725	3,838,710	3,785,610	3,785,610	-1.4%

FY06 RECOMMENDED CHANGES CROSSWALK

	Expenditures	WYs
COUNTY GENERAL FUND		
FY05 ORIGINAL APPROPRIATION	5,288,030	36.4
<u>Changes (with service impacts)</u>		
Add: Minority Business Incubator [Office of the Director]	300,000	1.0
Add: Sales and Service Learning Center [Workforce Investment Services]	160,000	0.0
Add: Gang Prevention Initiative: Summer Youth Employment Program for At-Risk Youth [Workforce Investment Services]	129,250	0.0
Add: Higher Education Advisor [Office of the Director]	113,300	0.8
Add: Minority Business Advisor [Office of the Director]	113,300	0.8
Add: Nanotechnology Initiative [Marketing and Business Development]	80,000	0.0
Add: Deer Management Program [Agricultural Services]	50,000	0.0
Add: Future of Agriculture Study [Agricultural Services]	50,000	0.0
Enhance: Intellectual Property Center Initiative [Marketing and Business Development]	40,000	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY06 Compensation	120,680	0.0
Increase Cost: FY06 Group Insurance Rate Adjustments	58,150	0.0
Increase Cost: Annualization of FY05 Personnel Costs	43,290	0.0
Increase Cost: Annualization of FY05 Lapsed Positions [Marketing and Business Development]	37,500	0.3
Increase Cost: MLS Adjustment	28,630	0.0
Increase Cost: FY06 Retirement Rate Adjustments	27,020	0.0
Increase Cost: Annualization of FY05 Operating Expenses	24,030	0.0
Increase Cost: Replacement/Upgrade for Two GIS Servers	13,600	0.0
Increase Cost: Goldmine Server Replacement/Upgrade [Finance, Administration, and Special Projects]	12,500	0.0
Increase Cost: Continue Montgomery Soil Conservation District funding for salary supplement for two state-funded Agriculture Services positions [Agricultural Services]	12,000	0.0
Replace: Benefits funding for State MDA Conservation Planner position until state funding can resume [Agricultural Services]	10,000	0.0
Increase Cost: Records Management Charges [Finance, Administration, and Special Projects]	4,220	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY05 [Agricultural Services]	-12,000	0.0
FY06 RECOMMENDATION:	6,703,500	39.3
GRANT FUND MCG		
FY05 ORIGINAL APPROPRIATION	3,793,000	0.0
<u>Changes (with service impacts)</u>		
Eliminate: Maryland Department of Business and Economic Development Regional Response grant [Office of the Director]	-45,000	0.0
FY06 RECOMMENDATION:	3,748,000	0.0

FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY06	FY07	FY08	FY09	FY10	FY11
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY06 Recommended	6,704	6,704	6,704	6,704	6,704	6,704
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY06	0	54	54	54	54	54
New positions in the FY06 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears.						
Elimination of One-Time Items Recommended in FY06	0	-280	-280	-280	-280	-280
Items recommended for one-time funding in FY06, including small business incubator start-up expenses, the nanotechnology initiative, the Future of Agriculture study, replacement of three servers, deer management program equipment, benefits replacement funding for a previously state-funded position, and furniture and computer equipment for new positions, will be eliminated from the base in the outyears.						
Labor Contracts	0	154	181	181	181	181
These figures represent the annualization of FY06 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY07 and beyond.						
Subtotal Expenditures	6,704	6,630	6,658	6,658	6,658	6,658

ECONOMIC DEVELOPMENT

PROGRAM:
Marketing and Business Development

PROGRAM ELEMENT:

PROGRAM MISSION:

To encourage and facilitate retention, expansion, relocation, and new business creation in the County by focused business development and marketing efforts on targeted industries that are compatible with the local and regional economy and the workforce, with the goal of attracting investment from outside the region; to develop and enhance entrepreneurship assistance, support programs, and tools that will differentiate Montgomery County from the competition and result in increasing the success rate of County entrepreneurs; and to improve Montgomery County's physical environment and infrastructure capacity by planning and coordinating the best use of public and private resources to transform and maintain the County's commercial/technology park areas as world-class places for locating a business

COMMUNITY OUTCOMES SUPPORTED:

- Stabilize and reduce the County's unemployment rate through the retention, recruitment, and creation of quality jobs
- Foster a positive business climate and a diverse business base through support for entrepreneurship and effective delivery of messages marketing the County's business assets
- Increase and diversify tax revenue and business investment in the County

PROGRAM MEASURES

	FY02 ACTUAL	FY03 ACTUAL	FY04 ACTUAL	FY05 BUDGET	FY06 CE REC
Outcomes/Results:^a					
Number of new and retained jobs ^b	7,379	4,172	1,622	3,325	2,634
Number of successful business expansions and relocations ^b	42	28	19	25	30
Square feet of successful business expansions and relocations (000)	NA	NA	497	428	619
Investment value of successful business expansions and relocations (\$millions)	NA	NA	98	62	65
Square feet of new commercial and mixed-use development facilitated (000)	NA	NA	424	332	480
Value of new commercial and mixed-use development facilitated (\$millions)	NA	NA	122	104	109
Value of capital injected into County businesses (\$millions)	NA	NA	56	38	40
Service Quality:					
Frequency of Marketing and Business Development website updates (days between updates)	NA	NA	7	10	10
Efficiency:					
Cost per new and retained job (\$)	289	439	1,027	505	765
Cost per successful business expansion or relocation (\$000)	50.8	65.4	87.7	67.2	67.2
Successful business expansions and relocations per 100 business prospects identified	NA	NA	18	16	14
Business financing transactions closed as a percentage of transactions initiated	NA	NA	52.9	40.0	60.0
Workload/Outputs:					
Inquiries and information requests	NA	NA	925	1,140	522
Number of prospects developed ^{b,c}	256	188	104	161	216
Square feet of prospects' projects signed or negotiated (000)	NA	NA	904	807	1,032
Number of business financing transactions initiated	NA	NA	29	30	30
Value of business financing transactions initiated (\$millions)	NA	NA	17	22	25
Number of entrepreneurial events held	NA	NA	12	15	13
Number of businesses receiving invitations to entrepreneurial events	NA	NA	2,300	1,900	1,800
Number of attendees at entrepreneurial events	NA	NA	1,650	2,375	2,000
Inputs:^d					
Expenditures (\$000)	2,133	1,832	1,666	1,680	2,016
Workyears	12.0	12.0	12.0	11.7	13.0

Notes:

^aFigures for Outcomes/Results are based on validation of a company's current information plus the company's projected growth (to be realized within 3 years of the business announcement).

^bThe results for FY02 and FY03 were previously reported under the Business Retention and Development program measures display, which has been superseded by this display.

^cOf the many businesses that the Marketing and Business Development program assists each year, "prospects" are businesses that are planning significant expansion or relocation within 3 - 18 months.

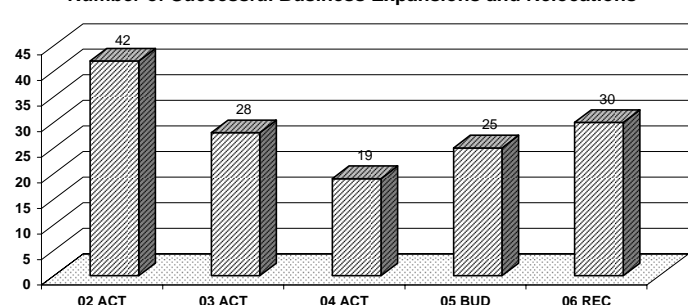
^dInputs for FY02 and FY03 represent the sum of the Business Retention and Development Program and the Marketing and Business Development Program. Expenditures and workyears related to the Small Business Services Program were not included for technical reasons.

EXPLANATION:

In mid-FY03, the Business Retention and Development (BRD) Division, the Marketing Division, and part of the Small Business Services Division were merged into a single Marketing and Business Development (MBD) Division to better integrate the County's economic development priorities into a consolidated program.

Along with many other services and programs, MBD offers assistance from the Economic Development Fund to a number of highly-qualified prospects in order to help them compete effectively, to induce quick decisions, and to assist them in expeditious relocation and expansion. The steady increase in the number of prospects through FY02 reflected high, stable growth in the economy and growing demand for support services and programs, including financial assistance programs. The decreases in FY03, FY04, and FY05 reflect the slower economic growth since the end of FY02.

Number of Successful Business Expansions and Relocations



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Department of Permitting Services, Office of the County Attorney, Maryland-National Capital Park and Planning Commission, Division of Facilities and Services, Department of Finance, Maryland Department of Business and Economic Development.

MAJOR RELATED PLANS AND GUIDELINES: Smart Growth Policy, Subdivision Regulation, Master Plan Development.